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Alloy
RESOURCES LIMITED

ACN 109 361 195

Level 2, 668 Murray St West Perth
WA 6005 Australia
PO Box 1078 West Perth
WA 6872 Australia

Tel: 618 9289 9116
Fax: 618 9289 9189
Email: info@alloyres.com

Dear Sir/Madam

DRILLING COMPLETED AT HORSE WELL GOLD PROJECT, WA

HIGHLIGHTS

- **Completion of reconnaissance exploration drilling program to explore for gold and nickel at the top end of the Yandal – Millrose greenstone belt.**
- **171 holes drilled for 10,995 total metres.**
- **Drilling covered large area in the central part of the greenstone belt north of the Company's 78,000 ounce gold resource.**
- **Several holes intersected quartz veins, mafic and felsic rocks with white mica and pyrite alteration, and some previously unmapped ultramafic rocks that have potential for hosting nickel sulphide mineralisation.**
- **Drilling samples being analysed by laboratory in Perth.**

HORSE WELL PROJECT

Horse Well is located at the northern end of the Yandal-Millrose Greenstone belt in Western Australia. The Yandal belt hosts the multi-million ounce Darlot-Centenary, Bronzewing and Jundee gold mines, and Horse Well sits 50 kms to the north of the Jundee Gold Mine and 90 kms to the north of Wiluna (Figure 1). The Company owns 100% of the tenement through its subsidiary Eskay Resources Pty Ltd. It is exploring for additional gold and base metal resources, and is studying the viability of open cut gold mining at Palomino and adjacent prospects.

The Horse Well greenstone belt has only been explored in detail along the southern part of the belt, where the Company and previous explorers have identified 78,000 ounces of JORC indicated gold resources in near surface, oxide deposits where weathered rocks are exposed at surface (Table 1).

Table 1. Horse Well gold resources.

PROJECT	PROSPECT	JORC CATGORY	TONNES	GRADE (g/t Au)	OUNCES Au
Horse Well	Palomino	indicated	607,000	2.6	53,000
	Bronco	indicated	22,078	2.72	1,930
	Filly	indicated	151,199	1.86	9,043
	Filly SW	indicated	62,487	7.07	14,205
total:					78,178

A GIS study of all open file exploration data, combined with an aeromagnetic interpretation carried out by the Company and a geophysical consulting group, has identified several high priority structural targets along the main axis of the greenstone belt and in an untested area just to the east of the Palomino gold deposit. These targets have high potential for hosting gold mineralisation, and occur along flexures of major shear zones associated with gold anomalies in soils and major N-NE trending cross faults.

A total of 171 reconnaissance drillholes were recently completed, with 131 holes drilled using air core and the remaining 40 using rotary air blast methods (Figure 2). The average hole depth is 64 m, and almost all holes were drilled into fresh bedrock.

Many of the drillholes intersected quartz veining and several bottom hole intervals intersected altered basalt, dolerite or felsic volcanic rocks. Alteration types consisted of white mica, sulphide minerals, silica and epidote. Three holes intersected ultramafic rocks that appear to be peridotite, and one of the ultramafic samples contains disseminated sulphide minerals.

The drilling samples will be analysed for gold over 4 m composite intervals, and 90 bottom of hole samples will be analysed for base metals, including nickel. The drilling samples are currently being analysed by a laboratory in Perth, and results will be announced to the market when they become available.

Yours faithfully,



Dr JAYSON MEYERS
Managing Director

The information in this report which relates to Exploration Results is based on information compiled by Dr. Jayson Meyers, Managing Director of Alloy Resources Limited and who is a Member of the Australian Institute of Geoscientists. Dr. Meyers has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves." Dr. Meyers consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

ABOUT ALLOY

Alloy is an exploration company whose current focus is base metals and gold in Laos and gold in Western Australia. Alloy's short to medium term goals are to:

- **obtain approvals for a Cu-Au concession area in Xieng Khuang Province, Laos;**
- **explore and increase gold resources at the Horse Well Project; and**
- **expand the Company's resource base through acquisitions and aggressive exploration at all its Projects.**

For further information contact:

Dr Jayson Meyers
Managing Director
Alloy Resources Limited
Telephone 08-9289-9116
e-mail: info@alloyres.com

Peter Hepburn-Brown
Executive Director

www.alloyres.com

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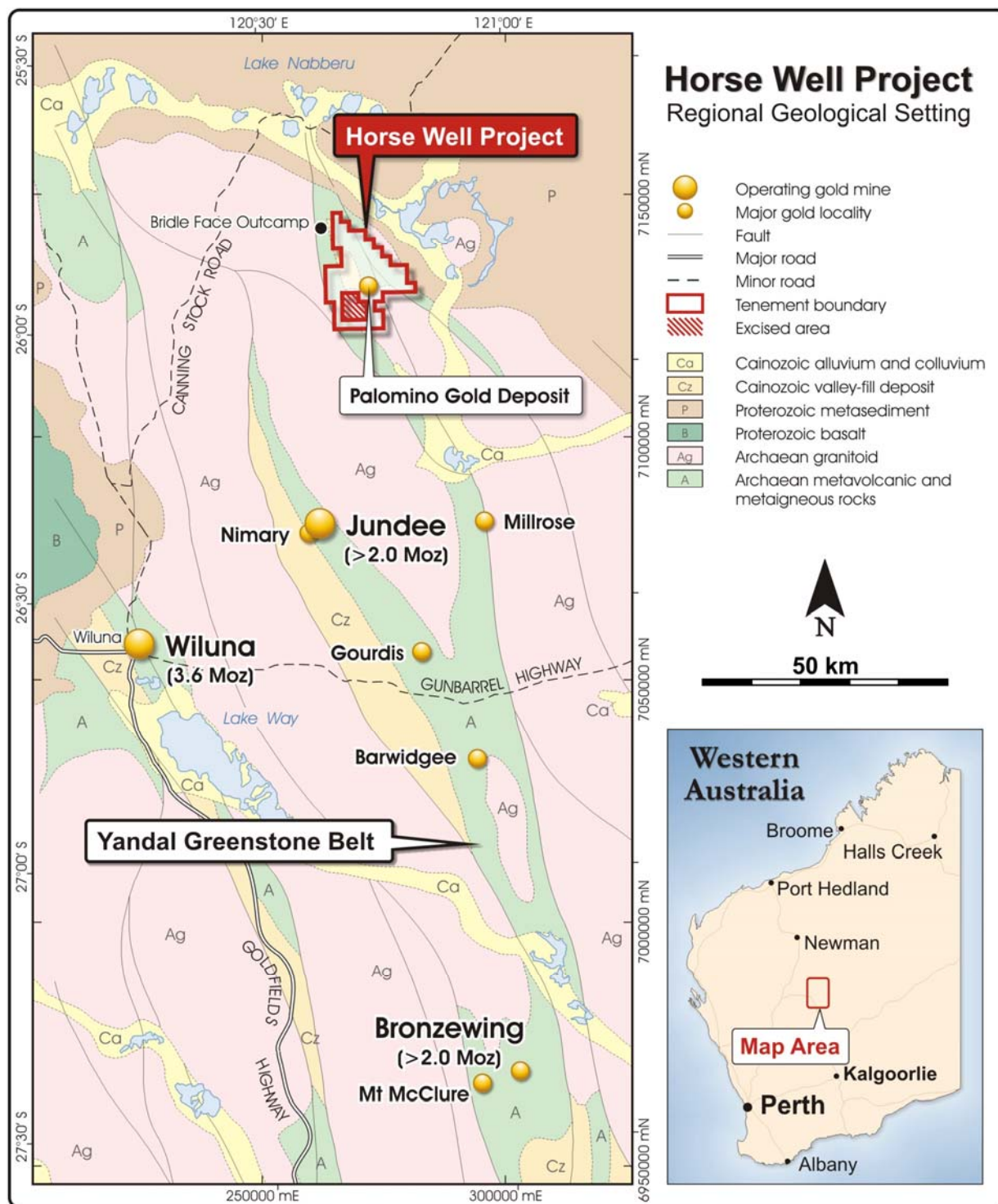


Figure 1. Simplified geology of the Yandal – Millrose greenstone belt.

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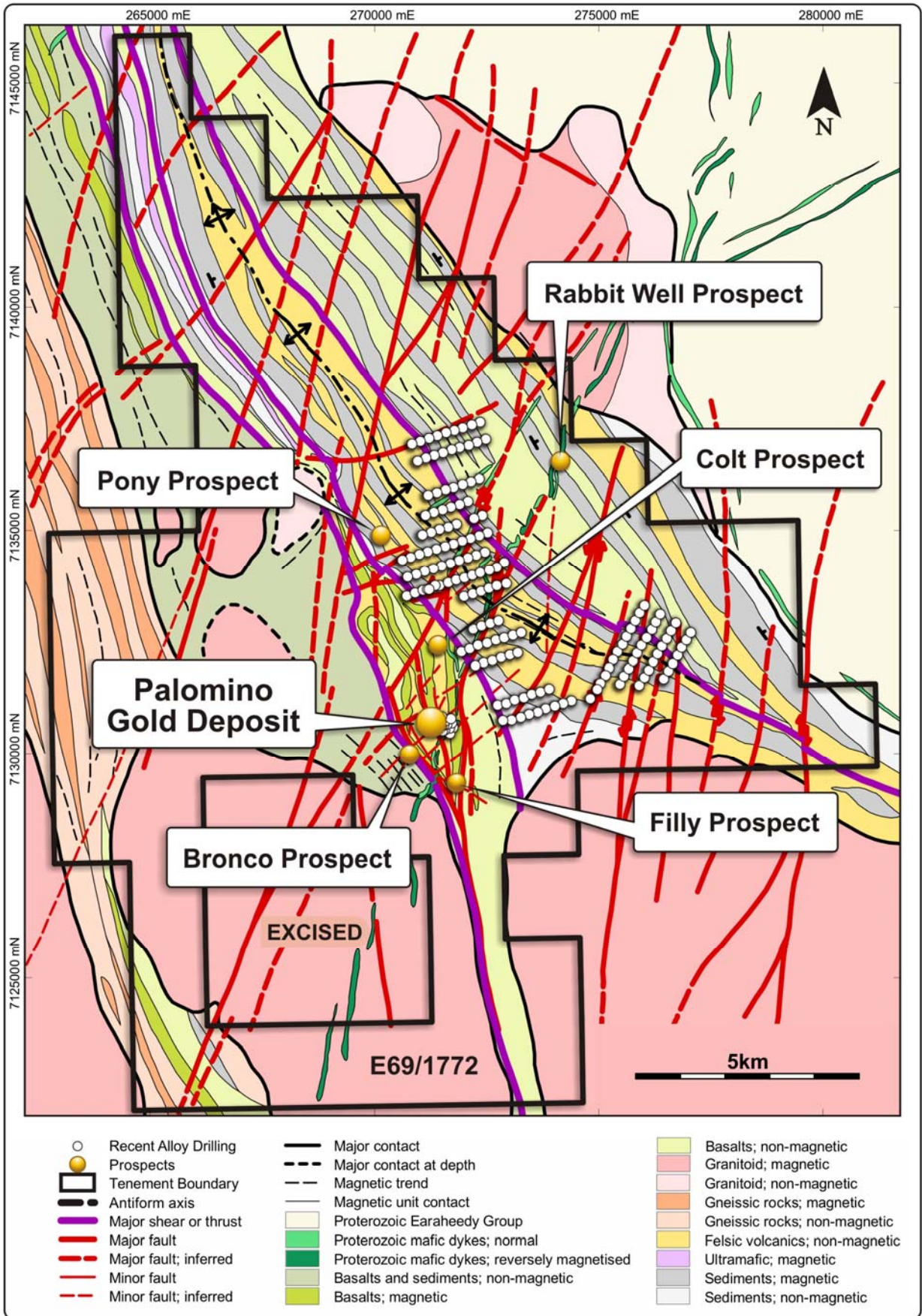


Figure 2. Interpreted map of bedrock geology at Horse Well and the location of recently completed air core and rotary air blast drillholes.